GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2904
ANSWERED ON:06.12.2007
SHORTAGE OF KEROSENE IN MAHARASHTRA
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether there is shortage of Kerosene in Maharashtra;

(b) the response of the Government thereto; and

(c) the steps taken to increase the allocation of kerosene to Maharashtra?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) & (b): PDS kerosene is an allocated product. Ministry of Petroleum and Natural Gas makes quarterly allocation of PDS kerosene to States/Union Territories for further distribution under the Public Distribution System (PDS) network. The quantity of PDS SKO for distribution per card holder is decided by concerned State Govt/UT and the same varies from State to State.

As per provisional figures available on upliftment of PDS Kerosene in the State of Maharashtra during April to October, 2007, the State Government has uplifted 741.6 Thousand Metric Tonnes (TMTs) of PDS SKO as against allocation of 744.8 TMT. There is no shortage of kerosene reported in the State of Maharashtra. As of 03.12.07, the public sector oil marketing companies had overall Kerosene stocks at their supply locations in the State of Maharashtra which would last for 24 days of supplies.

(c): Government of India allocates Kerosene to the States/Union Territories (UTs) for distribution under the PDS on historical basis for the purpose of cooking and illumination only. In accordance with the policy adopted by the Government of India in 2000, Kerosene (SKO) allocation for distribution under the Public Distribution System (PDS) was reduced every year beginning 2001-02 till 2003-04, taking into account the number of LPG connections released in each State/Union Territory. While the initial allotment for 2004-05 was based on the criteria adopted hitherto, additional allocations were made during the year to meet urgent emergent demand. For the years 2005-06 and 2006-07, allocations have been maintained at the level of 2004-05, including additional allocations made during that year. Allocations for first three quarter for 2007-08 have been maintained at the level of 2006-07.

In view of requests received from various State Governments including Maharashtra for increasing the SKO allocation, the Government of India commissioned the detailed study of Kerosene demand in the country, through the National Council of Applied Economic Research (NCAER) in December 2004. NCAER submitted its report in October 2005. NCAER has inter alia recommended to restrict the subsidy on kerosene to BPL families only.

Further, in order to formulate a long-term pricing policy, the government had constituted an Inter-Ministerial Committee under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister to examine different aspects of pricing and taxation of petroleum products with a view to stabilizing/rationalizing their prices. The Committee submitted its report on 17.2.2006. The Committee has also inter alia recommended to restrict the subsidy on kerosene to BPL families only. The Government has accepted the recommendations of Dr. Rangarajan Committee Report and has decided 'in principle' that subsidy on PDS kerosene be limited to BPL families only. The proposal to work out the modalities to implement this decision and for rationalizing the allocation of PDS kerosene among States/UTs is under the consideration of the Government.